



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

GAVIN NEWSOM - GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

April 9, 2019

Mr. Bruno Naulls, Project Manager
City of Lynwood
11330 Bullis Road
Lynwood, CA 90262

Dear Mr. Naulls:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lynwood Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 31, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 7 – 2011 Tax Allocation Bonds (TAB) Series A in the amount of \$1,594,150 is reclassified from Redevelopment Property Tax Trust Fund (RPTTF) to Bond Proceeds. The 2011 TAB Series A in the amount of \$18,045,318 were issued on March 1, 2011. According to our review, the Agency has approximately \$16,317,180 in excess 2011 Bond Proceeds.

Pursuant to HSC section 34177 (l) (1) (E), Agencies are required to use all available funding sources prior to requesting RPTTF for payment of enforceable obligations. The Agency has \$16,317,180 in available excess Bond Proceeds. Therefore, Finance has reclassified the requested amount of \$1,594,150 from RPTTF to Bond Proceeds.

- Item Nos. 11 and 101 – 1999 City and Agency Cooperation Agreement and 2010 Promissory Note loan repayments totaling \$685,404 is not allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Los Angeles County Auditor-Controller's (CAC) report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal years 2012-13 and 2019-20 are zero. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 19-20 period is zero. Therefore the total amount requested of \$685,404 (\$123,082 for Item No. 11 and \$562,322 for Item No. 101) is not eligible for RPTTF. The Agency may be eligible for additional funding on subsequent ROPS.

- Item No. 44 – Litigation expenses for Special Counsel related to litigation for *LRA v. Barry Ross Case No. CV11 02207 (Case No. CV11 02207)* is not allowed. The Agency provided a letter dated January 9, 2019 that outlines the work contemplated to be performed by Cox Castle & Nicholson (CCN); however, the work to be performed is related to contemplated developments in the Lynwood Springs Project Area that are not related to an enforceable obligation of the Agency. The Agency also resubmitted the Settlement Agreement dated January 23, 2014. These documents are insufficient to support the requested amount because Agency costs specifically related to the litigation cannot be determined. As a result, the \$300,000 requested is not eligible for RPTTF funding. To the extent the Agency can provide documentation, such as executed contracts that include a detailed scope of work specific to the Agency's share of enforcement costs that relate to Case No. CV11 02207, this item may be considered enforceable on a future ROPS.
- Item No. 68 – Oversight Agreement with Department of Toxic Substances Control (DTSC) in the total outstanding and requested amount of \$63,872 is not allowed. The Agency provided the original DTSC Environmental Oversight Agreement dated June 1, 2010 and an undated Exhibit disclosing the Scope and Cost Estimate totaling \$63,872. These documents are insufficient to support the requested amount since it is unclear what document the Exhibit originated from or whether this Item was already funded in the ROPS 18-19 period. Therefore, this item is not eligible for RPTTF at this time. To the extent the Agency can provide suitable documentation, such as a current executed agreement and complete agreements to support the requested amount, the item may be considered on a future ROPS.
- Item No. 94 – Alameda Project Area Tax Allocation Refunding Bonds, Series 2013A debt service in the amount of \$54,828. The Agency requested \$54,828 from RPTTF in error. According to the debt service schedule provided by the Agency, the amount needed for the ROPS 19-20 period should be \$53,163. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$1,665 in the ROPS 19-20 B period to decrease the total requested amount of \$54,828 to \$53,163.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the CAC's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$7,590,081 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

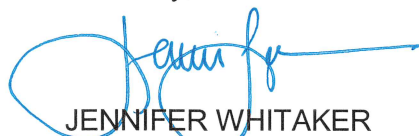
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Daisy Rose, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Lorry Hempe, Public Works Special Projects Manager, City of Lynwood
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 8,753,133	\$ 2,199,143	\$ 10,952,276
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	8,878,133	2,324,143	11,202,276
RPTTF Requested	8,753,133	2,199,143	10,952,276
<u>Adjustments</u>			
Item No. 7	(512,075)	(1,082,075)	(1,594,150)
Item No. 11	(123,082)	0	(123,082)
Item No. 44	(150,000)	(150,000)	(300,000)
Item No. 68	(31,936)	(31,936)	(63,872)
Item No. 94	0	(1,665)	(1,665)
Item No. 101	(562,322)	0	(562,322)
	(1,379,415)	(1,265,676)	(2,645,091)
RPTTF Authorized	7,373,718	933,467	8,307,185
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	7,498,718	1,058,467	8,557,185
Prior Period Adjustment	(967,104)	0	(967,104)
Total RPTTF Approved for Distribution	\$ 6,531,614	\$ 1,058,467	\$ 7,590,081